

# OREGON BUSINESS

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## **Is the Oregon Economy Headed For A Drug Bust?**

*By Christina Williams*

Touring around the state in a custom RV this summer, U.S. Sen. Ron Wyden and a group of representatives from the Oregon Business Plan heard from businesspeople about education, tax reform and soaring health care costs. But they also got an earful on an issue they weren't expecting: Oregon's drug habit.

Horrific headlines highlight the ill effects of drugs on Oregon society — from child neglect to identity theft to violence. But beyond worrying police officers, parents and social workers, the drug issue is working its way onto the business agenda for its potential to hamstring the state's economy.

Economic development officials from all corners of Oregon are hustling for jobs, the kind that may not require a college degree but pay more than minimum wage, maybe enough to support a family. But companies tasked with filling new positions in industries such as manufacturing, construction and hospitality sometimes find it difficult to turn up the quality of workers they need, often because otherwise qualified applicants can't pass drug tests.

Jerry Gjesvold, manager of employer services for Serenity Lane, a Eugene-based recovery program, says drug abuse becomes an economic issue when a percentage of the work force is no longer available to work. "I've had employers who have someone sitting in their office who they'd hire in a heartbeat but who failed the drug test," he says. "They tell them to come back in two weeks and try again. That's not reducing the problem, but that tells me how desperate they are. They want to run a business and they need workers."

Art Ayre, the state employment economist at the Oregon Employment Department, says he's heard about companies having trouble filling jobs because of the drug problem, but he hasn't studied the issue enough to decipher its true economic impact. He theorizes that the growth in jobs over the last year has pushed the issue to the forefront in Oregon. "We're just beginning to feel a little tightness in the labor market," Ayre says, "and the quality of the job applicants just isn't there."

Oregon's problem with drugs, especially the growing methamphetamine epidemic, is well documented. New statistics from the U.S. Health and Human Services Department put the state at the top of an ignominious list. Between 1992 and 2002, the national average treatment admission rate for meth users bumped up from 10 to 52 per 100,000 in population. In 2002, the most recent year for which statistics are available, Oregon had 324 admissions per 100,000, the highest rate of any state. (Washington, also in the top 10, had 150 admissions per 100,000.)

The department's Substance Abuse and Mental Health Services Administration ranks Oregon in the top fifth of all states when it comes to overall illicit drug use — with 10.5% of the population reporting some drug use within the last month, compared to a national average of 8.3%. And about three-quarters of Oregon's drug users are employed. Oregon is also in the top fifth of states for having people in need of drug recovery services but not receiving them.

“We serve a fraction of the people who actually need treatment services in Oregon,” says Karen Wheeler, manager of the state's mental health and substance abuse services. And, Wheeler says, the problem appears to be getting worse. Most people in recovery now use multiple drugs, which complicates treatment. Within the last five years meth surpassed marijuana as the top-used drug behind alcohol.

Meth and medical marijuana were hot topics in October when the White House's drug czar, John Walters, was in Portland meeting with local business leaders. Walters praised Gov. Kulongoski's efforts to regulate the sale of over-the-counter cold medicines, a key ingredient in meth. And he railed against Measure 33, on Oregon's ballot in November, which would bump up the amount of pot that patients are permitted to possess under the state's medical marijuana laws, as well as set up marijuana dispensaries — moves that opponents say are thinly veiled moves toward legalization.

Medical marijuana opponents point to studies that show that states with more lenient drug laws, such as those of Alaska and Oregon, have higher rates of addiction. Walters appealed to businesspeople in the room, invited there by Oregon Partnership, to use drug testing and their position as community leaders to help combat both drug use and Measure 33.

“When people say ‘It doesn't affect my job performance, it's something I do on my own time,’ that is the talk of someone who is in denial,” Walters says. “Drug use is not a victimless activity.”

In a sample of Oregon manufacturing employers, one of the industries hardest hit by abuse, Grant Beardsley, manager of drug testing services for Oregon Medical Labs, found that the average failure rate for pre-employment drug tests is 4.5%.

Beardsley says that when employers first start drug testing programs they usually have a very high positive rate. “Over time, they've collected those who have been rejected from other workplaces. Those people [drug users] migrate toward the places that don't do testing.”

The spread of positive drug tests in Beardsley's sample ranged from 2.5% to 8%. For many employers, positive pre-employment drug tests have become common headaches in the recruitment process.

Roger Stokes uses an employment service to fill open positions at his sheet metal job shop in Medford, precisely because it's an easier way to deal with the drug issue. “We avoid interviewing people who come in off the street,” says Stokes, who employs about

25 workers at Brill Metal Works. “It’s become enough of a problem that we don’t even want to talk to people unless they’ve been drug tested.”

Not every employer feels the impact in the same way. For some, like Madden Industrial Craftsmen, a Beaverton staffing firm specializing in manufacturing, pre-employment drug tests have a low positive rate. Ken Madden, the company’s president, suspects the word is out on the street that the company does drug testing. Greg Berreto, a manufacturing employer in La Grande, started testing five years ago and of 50 employees, only two tested positive. But he’s heard of colleagues who saw positive rates close to 60%.

“You do this long enough and you realize not everyone is going to pass the drug test,” says Gary Basinger, who’s in charge of hiring at barge and railcar maker Gunderson in Portland.

Basinger says that close to 10% of his qualified applicants, the ones who have proven they know their way around a welding torch, fail the pre-employment drug screening. It’s a figure that has held steady, with only occasional fluctuations, for the three-plus years Basinger has been in his job. “It comes and goes — occasionally we’ll get a rash of people flunking,” says Basinger. He adds that he’s recently started to see more failed tests for meth use.

WHETHER THE FAILURE RATE for pre-employment testing is 4.5% or 10%, it signals to Serenity Lane’s Gjesvold that Oregon has a larger problem. Gjesvold calls the pre-employment drug test an intelligence test. “People who don’t pass are either really stupid or they have a severe enough problem that they can’t quit for a few days,” he says.

Whether to test has become a dilemma for employers struggling with the state’s drug problem. Those who don’t sometimes wonder what unpleasantness they’ll uncover if they do, and those who do wonder if the extra cost and hassles are paying off.

Chris O’Neill, Eugene-based manager for Worksystems’ workdrugfree program, which contracts with Oregon’s Department of Health Services to work with employers on drug policies, says about 64% of Oregon workplaces drug-test — usually some combination of pre-employment, random and/or post-accident testing.

“Employers can incur significant expense not only for the drug testing service, but also from employees who quit or are term-inated because of noncompliance with the drug-free workplace policy,” O’Neill says. “Turnover is a major concern of employers when they initiate a program.”

Mimi Bushman, O’Neill’s colleague in Portland, says some white-collar employers hesitate to drug-test because they don’t want to alienate employees, but she relates the story of one major high-tech employer that didn’t want to implement a drug-free workplace policy until, while investigating a theft, managers discovered a drug ring operating within the company.

From the perspective of those in the business of prevention and recovery, the workplace is a good place to confront people about their drug problem.

David Westbrook, who's in charge of helpline services at Oregon Partnership, says that an employer's voice telling someone to get off drugs is often stronger than a pleading family member's voice saying the same thing.

"Drug use takes a toll of billions of dollars in society every year and employers take a lot of that," Westbrook says. "The policy I'd like to see is that if an employee is caught using drugs, they're given the opportunity to go to treatment."

Many company drug-testing policies do contain a second-chance clause that encourages employees with a problem to get help. But some employers don't have the resources to pay for an employee assistance plan (EAP) to help with rehab or to hold jobs open for those in recovery.

Gordon Lafer, a professor at the University of Oregon's Labor Education and Research Center, argues that not every employer who drug-tests is doing it for laudable reasons. "In a lot of situations drug testing is more about control than anything else," Lafer says. While most employers already have the legal right to suspend or fire workers for performance issues, drug testing is one more way to keep employees nervous about losing their jobs, he says.

And he says he's seen drug testing have unintended consequences. Talking to hotel workers in Hawaii, Lafer found that many stopped using drugs but started drinking heavily when drug testing was introduced.

Still, Jerry Evans, owner of the Jacksonville Inn in Southern Oregon, is a firm believer in drug testing. "It very much cuts down on your labor pool, but if you don't do drug testing, you're getting other people's rejects," Evans says. "If we want to bring jobs to the state, we need to make sure we have a drug-free work force."

Evans would like to see state legislators explore ways to reduce the cost of drug testing, especially for small employers, and possibly establish a statewide drug-free workplace policy. "To be damned with the privacy issues," he says. "This is a major crisis for America today."

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